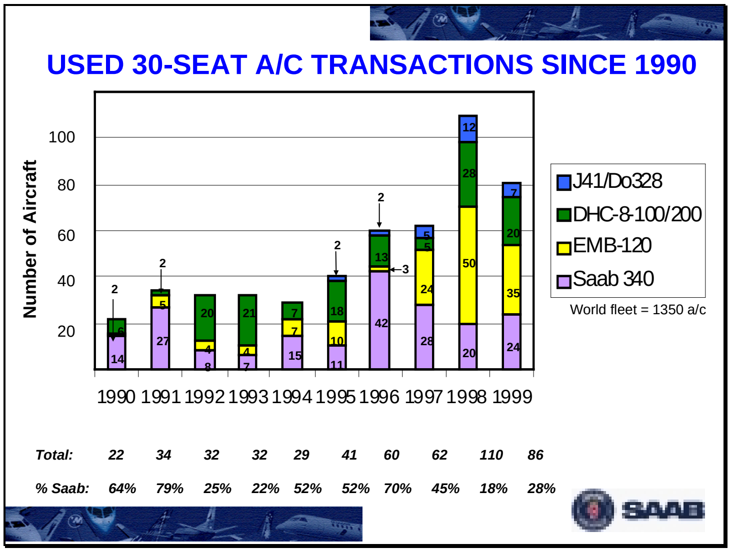
Slide 1

USED 30-SEAT TURBOPROP MARKET REVIEW & FORECAST

Saab Aircraft Leasing, Inc.
Michael Magnusson
March 2000

Slide 2


USED 30-SEAT A/C TRANSACTIONS SINCE 1990
Number of Aircraft
100
80
60
40
20
J41/Do328
DHC-8-100/200
EMB-120
Saab 340
World fleet = 1350 a/c
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999
Total: 22 34 32 32 29 41 60 62 110 86
% Saab: 64% 79% 25% 22% 52% 52% 70% 45% 18% 28%

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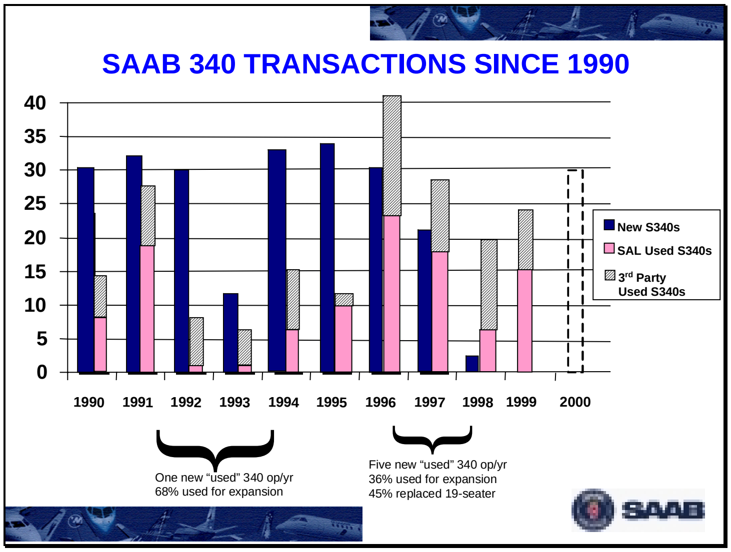
SAAB 340 TRANSACTIONS SINCE 1990
40
35
30
25
20
15
10
5
0
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
New S340s
SAL Used S340s
3rd Party Used S340s
One new “used” 340 op/yr
68% used for expansion
Five new “used” 340 op/yr
36% used for expansion
45% replaced 19-seater
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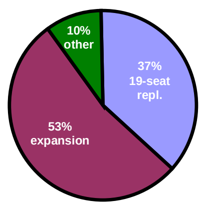
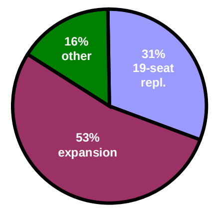
USED SAAB 340 APPLICATIONS

1998



1999



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30-SEAT AIRCRAFT AVAILABILITY

	Currently **Available** (as of 1/00)	Additional Coming **to Market** (2000/2001)	Percentage (%) **Of Total Fleet**
E-120: (Fleet 350)	10 ex-Westair 5 ASA (BRAD) 6 Mesa 8 Comair (BRAD) **29**	5-10 ASA (BRAD) 10 Comair (2000-BRAD) 10 Comair (2001-BRAD) 20 Continental Express **~50**	8% available 14% coming to market
DHC-8-100: (Fleet 350)	2 Eastern Metro 1 Horizon 3 Air Atlantic **6**	13 Horizon (2000) **13**	2% available 4% coming to market
Saab 340: (Fleet 450)	2 BEx (B of A) 3 Comair 4 KLM 3 Regional (SAL) 2 Tatra (SAL) **14**	22 BEx (2000/2001) ~10 AMR (2000) ~10 AMR (2001) **~42**	3% available 9% coming to market
	Total: ~49 **% total fleet: 4%**	**~105 during 2000/2001** **% total fleet: 8%**	

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19-SEATERS – A DIFFERENT SITUATION

19-Seat Market

- 75% of original deliveries concentrated in U.S.
- Initial operators phased out fleets quickly (72% of J31/32 and 39% of B1900 were phased out fleets)
- Current fleets moving out of the U.S.
- 10% of fleet available (18% of U.S. fleet allocated to cargo market)

***   *   *   *   VERSUS   *   *   *   ***

30-Seat Market

- 60% of original 30-seat sales were concentrated in U.S.
- Less than 30% of fleet has been phased out by original customer
- Only 4% of 30-seat fleet available

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REGIONAL JETS – A DIFFERENT APPLICATION

- Only 20-30% of regional jets have replaced turboprops so far
- 50-seat regional jet deliveries steadily increasing at a rate similar to 30-seat turboprop deliveries ten years earlier
- 30-seat regional impact unknown; BUT…30-seat turboprop more economical on routes less than 300 miles (about 80% of all turboprop flights)
- Passenger growth projected by the FAA will necessitate added capacity that can be supplied by 40-50 “50-seat” regional jets per year**

**Assumes average 50-seat regional jet flies 10 sectors per day, with 25 pax per flight, 360 days per year, then one 50-seat regional jet carries about 90,000 pax/year. FAA forecasts regional passenger growth in 1999 will be 7.4%; thereafter, FAA projects a 5.4% annual growth.

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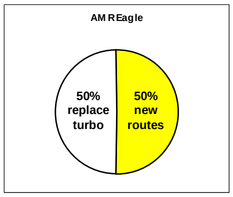
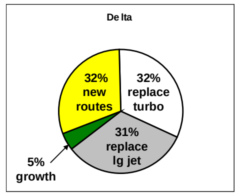
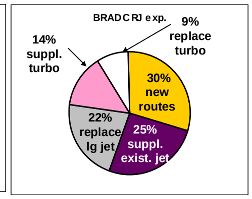
REGIONAL JET APPLICATIONS (SO FAR)







Pilot agreement prohibits replacing larger jets

Skywest, Comair, ASA

General CRJ experience

RJs utilized mostly for new route development and larger jet replacement

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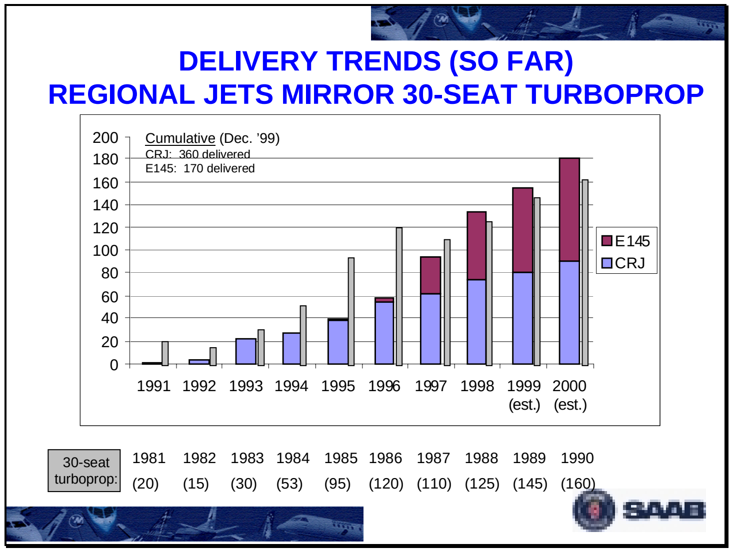
DELIVERY TRENDS (SO FAR)
REGIONAL JETS MIRROR 30-SEAT TURBOPROP
Cumulative (Dec. '99)
CRJ: 360 delivered
E145: 170 delivered
200
180
160
140
120
100
80
60
40
20
0
E145
CRJ
1991 1992 1993 1994 1995 1996 1997 1998 1999 (est.) 2000 (est.)
30-seat turboprop:
1981 1982 1983 1984 1985 1986 1987 1988 1989 1990
(20) (15) (30) (53) (95) (120) (110) (125) (145) (160)
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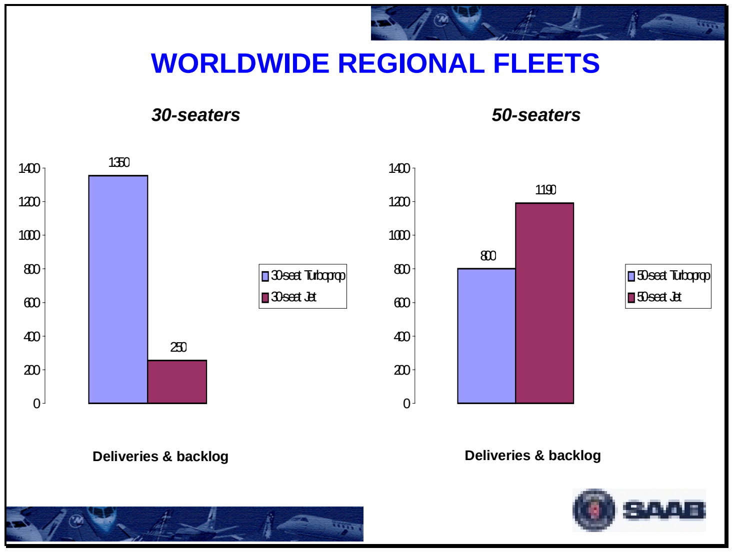
WORLDWIDE REGIONAL FLEETS
30-seaters
50-seaters
1400
1200
1000
800
600
400
200
0
1350
250
30-seat Turboprop
30-seat Jet
1190
800
50-seat Turboprop
50-seat Jet
Deliveries & backlog
Deliveries & backlog
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THE 30-SEAT REGIONAL JET: HAS MARKET DEMAND DIMIINISHED?

- AMR Eagle ordered 75 + 75 opt E-135
  (this due to scope clause limit at 44 seats; may go for E-140)
- ACA ordered Do328 Jet (but some still subject to UA approval)
- Continental Express only ordered 50 E-135s so far (but 150 E-145s)
- Comair and Skywest rumored for a long time to order 30-seat RJ, but still no order
- Mesa considering 30-seat RJ – no order yet (options)
- Chautauqua, Trans States, Midway, ASA – all going for 50-seat jets only (so far)

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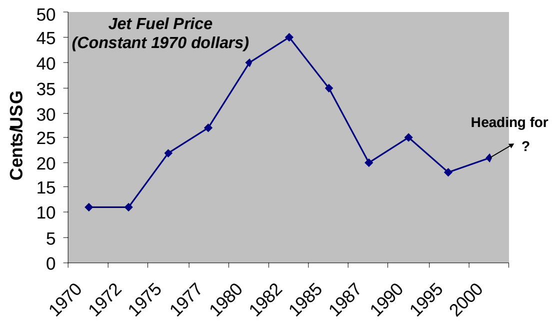
Let's not forget…

FUEL PRICES



Regional jet introduction has been done when fuel prices have been at the lowest in 30 years. Typical regional jet burns twice the fuel compared w/turboprop at short distance. Currently, this means approx. additional 100 USG (~100USD) or one average pax ticket.

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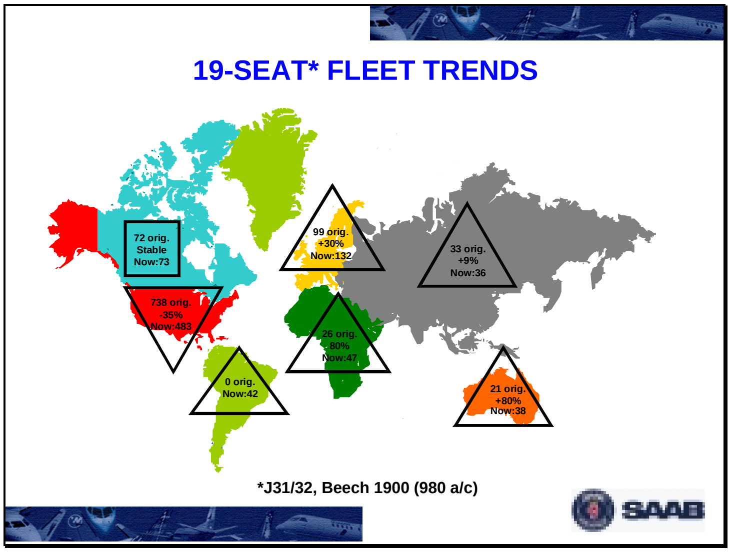
Slide 14


19-SEAT* FLEET TRENDS
72 orig. Stable Now:73
738 orig. -35% Now:483
0 orig. Now:42
99 orig. +30% Now:132
26 orig. 80% Now:47
33 orig. +9% Now:36
21 orig. +80% Now:38
*J31/32, Beech 1900 (980 a/c)
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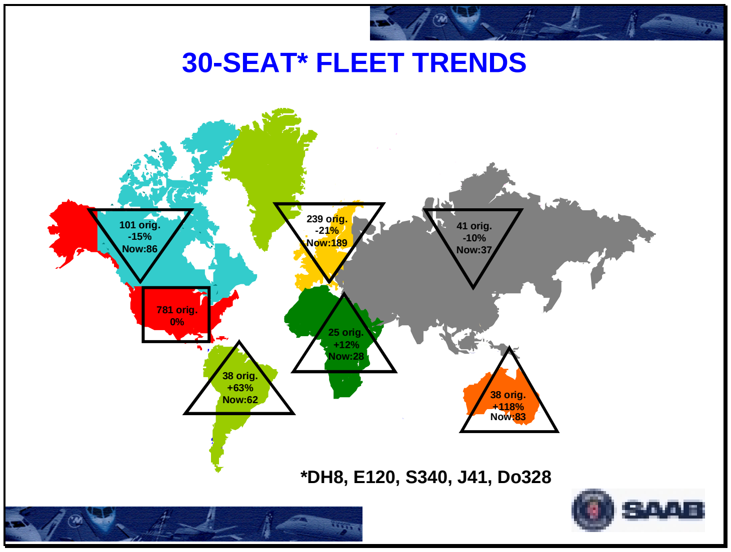
30-SEAT* FLEET TRENDS
101 orig.
-15%
Now:86
781 orig.
0%
239 orig.
-21%
Now:189
41 orig.
-10%
Now:37
25 orig.
+12%
Now:28
38 orig.
+63%
Now:62
38 orig.
+118%
Now:83
*DH8, E120, S340, J41, Do328
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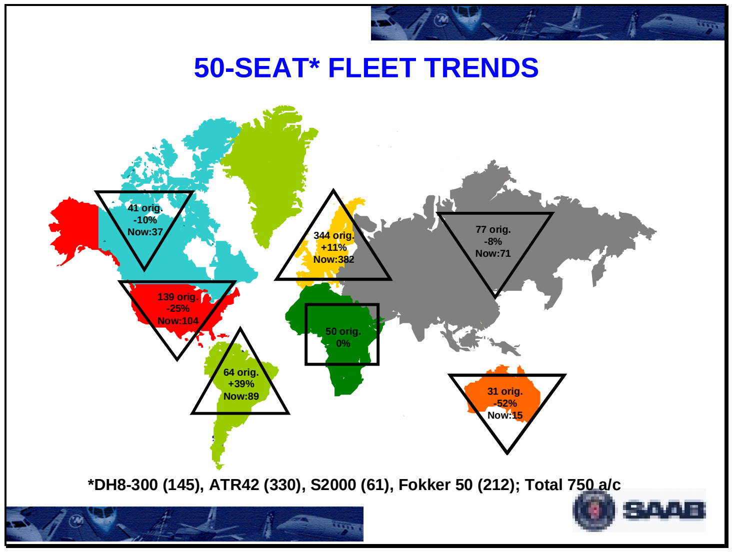
50-SEAT* FLEET TRENDS
41 orig. -10% Now:37
139 orig. -25% Now:104
344 orig. +11% Now:382
77 orig. -8% Now:71
50 orig. 0%
64 orig. +39% Now:89
31 orig. -52% Now:15
*DH8-300 (145), ATR42 (330), S2000 (61), Fokker 50 (212); Total 750 a/c
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FORECASTED US REGIONAL FLEET TRENDS

YEAR 2000 - 2003

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EXPECTED LARGE FLEET TURNOVER
(Top 20 US Regional Fleets)

	1996	Trend	2000	Trend	Est. 2003
Turbo:					
19-seat	440	↘ 290	150	↘ 150	~0
30-seat	575	↗ 100	675	↘ 275	~400
40/50-seat	110	↘ 30	80	↘ 30	~50
70-seat	55	↗ 20	75	↘ 10	~65
(Shorts 330/360)	~50	↘ 50	0		
Jet:					
30-seat	0	↗ 15	~15	↗ 150	~165
50-seat	40	↗ 260	~300	↗ 300	~600
70-seat	17	↗ 33	~50	↗ 30	~80

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SAAB AIRCRAFT LEASING
Deals in 1999 (53 aircraft)

Chautauqua	Contract to lease 11 Saab 340As (to be delivered spring 2000; expansion and replace J31s)
Colgan	Long term lease for 3 Saab 340Bs (USAirways code share)
OLT	Purchased one Saab 340A (replaced Metro)
Aerolitoral	Contract to lease 3 Saab 340Bs long term (all delivered; replaced Metros and expansion)
Calm Air	Signed long term lease on 1 Saab 340B and converted short term lease to long term on another
Mesaba	One year extension on 1 Saab 340B
Loganair	Long term lease on 2 Saab 340Bs
Maxair	Signed medium term lease on 1 Saab 340A (replaced Metro)
AMR	Extended leases on 25 Saab 340B+ (we agreed to take back 12 S340As and 20 S340Bs from BEx; 10 already placed)
Hazelton	Purchased 3 Saab 340Bs which were on lease

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EXECUTIVE SUMMARY

•Recent two years indicate worldwide market for used aircraft of about 100 units/year; S340s will represent at least 25%

•Last three years indicate 20-30 used S340s placed each year; Saab Aircraft Leasing placed 15-20 units

•Last two years indicate that half of the used S340s were used for expansion and 30% replaced 19-seaters

•Currently about 50 used 30-seaters on the ground and another estimated 115 coming available 2000/2001 (4% of fleet)

•30-seat market situation is more stable than the 19-seat market

•50-seat regional jets have not replaced turboprops in large numbers yet

•Economics of a 30-seat regional jet have not been proven – future orders uncertain

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EXECUTIVE SUMMARY (cont'd.)

Worldwide Turboprop Trends

- 19-seaters moving out of the US to all other geographical areas; US fleet down 35% (in addition to storage, cargo)
- 30-seaters so far stable in US; reduced by 20% in Europe and has shown large increases in Australia (+118%) and Latin America (+83%)
- 50-seaters moving out of the US (-25%), Canada (-10%), and Australia (-52%) to Europe (+11%) and Latin America (+38%)

Forecast 2000-2003

- US fleet amongst top 20 regional airlines will probably phase out about 275 30-seaters over a three year period, all 19-seaters and a few 50-seaters; regional jet fleet expected to double to about 750 (which is the current 30-seat fleet)
- Fuel price development will determine the "cross-over" distance between jets and turboprops, but most likely well in excess of 300 miles
- With current market absorbing about one hundred (100) 30-seaters per year, no large surplus expected